

2011-113 AUDIT SCOPE AND OBJECTIVES—Salinas Valley Memorial Hospital

The audit by the Bureau of State Audits will provide independently developed and verified information related to the fiscal management of the Salinas Valley Memorial Healthcare System (healthcare system), and would include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Identify and assess the roles and responsibilities of the various departments and agencies involved with special health care districts. Determine which agency, if any, is authorized to oversee and monitor these health care districts.
3. Identify what mechanisms are in place at the oversight entities to ensure corrective action is taken by health care districts on any improper processes that may be noted during their oversight monitoring activities.
4. Review the healthcare system's policies and practices related to establishing business relationships and determine whether such policies and practices—particularly as they relate to the healthcare system's relationship with Rabobank—comply with laws, rules, and regulations.
5. If any inappropriate relationships or activities are identified, to the extent possible, determine the impact on the healthcare system's operations and services.
6. Review the healthcare system's compensation policies and practices, including those for setting and disclosing compensation, pensions, living allowances, and other benefits offered to high-level executives and administrators. Determine whether such policies comply with relevant laws, rules, and regulations and, to the extent possible, whether they are comparable with industry practices. Determine if the healthcare system's practices comply with its policies.
7. To the extent possible, determine the total compensation for the healthcare system's high-level executives and administrators over the past three years and compare the compensation to public and private sector hospital executives and administrators.
8. Identify to what entities or to whom the healthcare system has made donations or offered sponsorships and determine whether the recipient has a relationship or connection with any of the board members or executives. To the extent possible, determine whether such donations or sponsorships are permitted by law and comparable to industry practices.
9. Identify critical indicators for the healthcare system. Using data from the past five years, trend the data for the indicators and, to the extent possible, determine reasons for significant or unusual fluctuations. At a minimum, trend data for the following indicators:

- a. Revenues and expenditures
- b. Staffing levels
- c. Number of patients treated
- d. Number of complaints received

10. Review and assess any other issues that are significant to the healthcare system.